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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY



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**Richard T. Findlay**  
Director - Tariffs, Service Costs  
and Regulatory Issues

March 15, 1994

Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

In the Matter of: )  
 )  
800 Data Base Access Tariffs and the ) CC Docket No. 93-129  
800 Service Management System Tariff )

Dear Mr. Caton:

Enclosed for filing are the original and four copies (4) of Cincinnati Bell Telephone Company's Supplement to Direct Case in response to the FCC's Order (DA 94-150), released February 14, 1994, in CC Docket 93-129.

Also provided is a duplicate of this letter and the enclosures. Please date stamp and return this duplicate as acknowledgement of its receipt.

Sincerely,

*Richard T. Findlay*

Enclosures

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List ABCDE

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

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In the Matter of )

800 Data Base Access Tariffs and the )

800 Service Management System Tariff )

CC Docket No. 93-129

**SUPPLEMENT TO DIRECT CASE  
OF CINCINNATI BELL TELEPHONE COMPANY**

**I. Introduction.**

On July 19, 1993, the Common Carrier Bureau ("Bureau") released its Order Designating Issues For Investigation ("Designation Order") with respect to the 800 data base tariffs filed by Cincinnati Bell Telephone Company ("CBT") and other local exchange carriers ("LECs").<sup>1</sup> CBT filed its Direct Case in compliance with the Designation Order on September 20, 1993. By Order released January 31, 1994, the Bureau denied the petitions for waiver of the cost disclosure requirements of paragraph 29 of the Designation Order that had been filed by several LECs.<sup>2</sup> On February 14, 1994, the Bureau issued an Order requiring CBT to file additional cost support with respect to its 800 data base tariff as a result of the January 31 Order.<sup>3</sup> This

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<sup>1</sup>800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order Designating Issues for Investigation, CC Docket No. 93-129, 8 FCC Rcd 5132 (1993).

<sup>2</sup>800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order, CC Docket No. 93-129, DA 94-99 (released January 31, 1994).

<sup>3</sup>800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order, CC Docket No. 93-129, DA 94-150 (released February 14, 1994).

Supplement to Direct Case should be read in conjunction with CBT's Direct Case and is subject to all of the assumptions and limitations contained therein.

## II. Alternative Cost Support Methodology.

The Designation Order directed CBT and other LECs that use computer models to apportion the investment associated with providing 800 data base service, such as the Common Channel Signalling Cost Information System ("CCSCIS"), to disclose those models on the record, or provide some other justification for the rates.<sup>4</sup> As stated in the Description and Justification to CBT's 800 data base tariff, Transmittal No. 622, CBT employed the CCSCIS model to calculate the SS7 investments used for 800 data base service. The CCSCIS model is considered both a trade secret and proprietary by Bell Communications Research, Inc. ("Bellcore"), the owner of CCSCIS. By agreement with Bellcore, CBT is restricted from disclosing the model to third parties. Because the Bureau has rejected the LECs' petitions for waiver, and because CBT is nevertheless bound by its confidentiality agreement with Bellcore, CBT has employed an alternative method to calculate the SS7 investments used for 800 data base service.

Before discussing the alternative cost support methodology, a correction to an error that CBT discovered in its original cost support information is necessary. In the cost study utilizing the CCSCIS model that was filed with Transmittal No. 622, CBT expensed the Right-to-Use ("RTU") fees for the Hardware Operating Software. Those RTU fees should have been capitalized. After capitalizing the RTU fees, the CCSCIS model cost study figure for CBT's portion of the query charge is \$0.0013.

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<sup>4</sup>Designation Order at para. 37.

Under the alternative method, CBT divided the total book investment for the Signal Transfer Points by the total number of SS7 links. To remain consistent with the cost support information previously filed in this docket, all investments were calculated using 1993 dollars. The STP port termination investment was developed by dividing the present worth investment for each year by the present worth link total. The resulting figure is the total investment per link termination. That investment figure was then substituted into Line 1 of Worksheet 3. The resulting costs appear in Section I (Unit Cost and Investment, STP Port Termination) on page B-3. The total cost from column P of the spreadsheet on page B-3 then appears on Line 6 of Section II on Worksheet 5. Line 15 of Worksheet 5 provides the final cost per query of \$0.0013, a figure consistent with the query charge determined by CBT's original cost study, as corrected. The final query costs consist of CBT's portion, \$0.0013, plus the query charge of the Ameritech Operating Companies (CBT's SCP provider), \$0.0012, for a total rate of \$0.0025. This rate is \$0.0001 higher than CBT's current tariffed rate. Updated versions of the relevant spreadsheets and supporting Worksheets are attached hereto.

### III. Conclusion.

As shown in CBT's Direct Case, as supplemented by this filing, CBT's 800 data base tariff is reasonable and fully complies with all applicable Commission requirements.

Accordingly, the Bureau's investigation into CBT's Transmittal No. 622 should be terminated and the accounting order removed.

Respectfully submitted,

FROST & JACOBS

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Dated: March 15, 1994

0092093.01

**STP Port Termination Investment Development**

Present Worth (PW) at 11.25%

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>Total</u>
1 Links	144	144	144	144	154	
2 PW Factor	1.3769	1.2377	1.1125	1.0000	0.8989	
3 PW Links	198.2725	178.2225	160.2000	144.0000	138.4270	819.1220
4 Investments	\$2,552,307	\$0	\$284,857	\$0	\$425,240	
5 Cumulative	\$2,552,307	\$2,552,307	\$2,837,164	\$2,837,164	\$3,262,404	
6 PW Factor	1.3769	1.2377	1.1125	1.0000	0.8989	
7 PW Cumulative Investment	\$3,514,253	\$3,158,879	\$3,156,345	\$2,837,164	\$2,932,498	\$15,599,139
8 Total Investment per Port	\$19,043.73					

Source:

Line 1: CBT Engineering, Total STP Ports Equipped.  
 Line 2: Present Worth Factors, Page 2  
 Line 3 = Line 1 x Line 2  
 Line 4: CBT Engineering, STP Investments, 1990-1994  
 Line 5 = Current Year Investments + Previous Year  
 Line 6: Present Worth Factors, Page 2  
 Line 7 = Line 5 x Line 6  
 Line 8 = Line 7 Total / Line 3 Total

**Present Worth Factors**  
 $i = 11.25\%$

<u>n</u>	<u>P/F</u>	<u>F/P</u>
	$1/(1+i)^n$	$(1+i)^n$
1	0.8989	1.1125
2	0.8080	1.2377
3	0.7263	1.3769
4	0.6528	1.5318
5	0.5868	1.7041

## WORKSHEET 3

Source for Page B-3, STP Port Investment &amp; Cost Development

Line	Description	Source
1	\$19,043.73 Per Port STP Investment	UPDATED Attachment, STP Investment Development
2	1.1150 Power & Telco Engineering	Tab C, Page 1, Line 2 (Tac Factor Development)
3	\$21,233.76 TOTAL STP Port Investment	L1 * L2
4		
5	0.0051 Ratio of Land to 377C (Total)	Tab C, Page 1, Line 15 (Tac Factor Development)
6	\$108.29 TOTAL Land Investment Associated with 377C	L5 * L3
7		
8	0.1160 Ratio of Building to 377C - Host	Tab C, Page 1, Line 6 (Tac Factor Development)
9	\$2,463.12 Host Building Investment (LARGE)	L8 * L3
10	0.0068 Ratio of Building to 377C ( Remote - Large)	Tab C, Page 1, Line 9 (Tac Factor Development)
11	\$140.14 Remote Building Investment (LARGE)	L10 * L3
12	\$2,603.26 TOTAL LARGE BUILDING	L9 + L11
13	0.0068 Ratio of Building to 377C ( Remote - Small)	Tab C, Page 1, Line 12 (Tac Factor Development)
14	\$140.14 TOTAL Remote Building Investment (SMALL)	L13 * L3
15	\$2,743.40 TOTAL BUILDING INVESTMENT	L12 + L14

	Row within ACF Source*	Land		Large Bldg		Small Bldg		Total Building Cost	Digital Sw	
		Factor	Cost	Factor	Cost	Factor	Cost		Factor	Cost
19		A	B=A x L8	C	D = C x L12	E	F = E x L14	G = D + F	H	I = H x L3
20	Depreciation	0.0000	\$0.00	0.0418	\$108.82	0.0854	\$11.97	\$120.78	0.0953	\$2,023.58
21	Net Return	0.1065	\$11.53	0.1031	\$268.40	0.1018	\$14.27	\$282.66	0.0895	\$1,900.42
22	Federal Income Tax	0.0395	\$4.28	0.0384	\$99.97	0.0381	\$5.34	\$105.30	0.0333	\$707.08
23	State & Local Income Tax	0.0000	\$0.00	0.0000	\$0.00	0.0000	\$0.00	\$0.00	0.0000	\$0.00
24	Maintenance	0.0000	\$0.00	0.1026	\$267.09	0.1026	\$14.38	\$281.47	0.0886	\$1,881.31
25	Administration	0.1251	\$13.55	0.1251	\$325.67	0.1251	\$17.53	\$343.20	0.1515	\$3,216.91
26	Other Tax	0.0110	\$1.19	0.0113	\$29.42	0.0113	\$1.58	\$31.00	0.0318	\$675.23
27	Other Direct Expense	0.0134	\$1.45	0.0138	\$35.92	0.0138	\$1.93	\$37.86	0.0138	\$293.03
28	Overhead Loadings	0.0000	\$0.00	0.0000	\$0.00	0.0000	\$0.00	\$0.00	0.0000	\$0.00

## Above Factor Source:

STP Port Cost Study, Tab C, Page 2

Col A = Line 11

Col C = Line 6

Col E = Line 9

Col H = Line 3

\*ACE = Annual Charge Factor



Additional Function Page

## INFORMATION REQUEST FOR 800 DATABASE SERVICE COSTS

## A. Unit Cost and Investment

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total
STP Port Termination																
Unit Investment	108.29	2,743.40	NONE	NONE	21,233.76	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	
Unit Costs																
Depreciation	0.00	120.78			2,023.58											2,144.36
Net Return	11.53	282.68			1,900.42											2,194.62
Federal Income Tax	4.28	105.30			707.08											896.67
State & Local Income Tax	0.00	0.00			0.00											0.00
Maintenance	0.00	281.47			1,681.31											2,162.78
Administration	13.55	343.29			3,216.91											3,573.66
Other Tax	1.19	31.00			675.23											707.43
Other Direct Expense	1.45	37.88			293.83											332.34
Overhead Loadings	0.00	0.00			0.00											0.00
Total	32.00	1,202.28			10,697.57											11,931.85

## SOURCE

Worksheet 3

## II. Jurisdictional Separations

## STP Port Termination

Total Investment = 4 x Unit	433.17	10,973.61	None	None	84,936.04	None	None	None	None	None	None	None	None	None	None	
Total Company	433.17	10,973.61			84,936.04											
Subject to Separation	433.17	10,973.61			84,936.04											
State 800 Database	216.00	5,472.02			42,353.08											
State Other																
Interstate 800 Database	217.17	5,501.59			42,581.96											
Interstate Other																

Method of Assignment	by Demand	by Demand			by Demand											
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## SOURCE

State 800 = Investment \* State 800 Demand / Total 800 Demand

Interstate 800 = Investment \* Interstate 800 Demand / Total 800 Demand

## III. Demand

A
261,914,003
Total

## 800 Database Queries

State 800 Database	130,604,098
State Other	
Interstate 800 Database	131,309,907
Interstate Other	
Unbillable Query Factor	

\*\*\* SAME AS B-2, Section III. Demand

## WORKSHEET 5

## Cost Study Summary Calculations - per Appendix B, Sec. IV, Question 11

I. Other Costs Incurred to Supply 800 Data Base Service

1	Non-Recurring Costs for STP Ports	1,235.72	Installation and Translations
2	IXC Transport to SCP Provider	18,089.24	per Month
3	IXC Non-Recurring Charges	500.00	One-Time Charge
4	SCP Provider STP Port Charges	2,960.00	per Month
5	SCP Provider STP Non-Recurring	3,560.00	One-Time Charge

Source

800 Data Base Cost Study:  
Tab B, Page 7, Line 4

Tab B, Page 5, Line 3  
Tab B, Page 5, Line 3

Tab B, Page 4, Line 1  
Tab B, Page 4, Line 2

II. Cost Summary

	<u>Unit</u> (A)	<u>Quantity</u> (B)	<u>Annual Total</u> (C) = A x B	<u>Part 32 Expense Account</u> (For non-plant based expenses)	<u>Col (A) Source</u>
6 STP Port Termination Costs (Annual)	11,931.85	4.00	47,727.41	<i>Plant Based</i>	Sheet B-3, STP Port, Col P Annual Total
7 STP Port Non-Recurring Costs	1,235.72	1.00	1,235.72	Acct: 6212*	Line 1
8 CBT Link Facility Costs (Annual)	6,615.45	4.00	26,461.80	<i>Plant Based</i>	Sheet B-1, STP/Regional Link, Col P, Annual Total
9 IXC Transport to SCP Provider (Monthly)	18,089.24	12.00	217,070.88	Acct: 6212	Line 2
10 IXC Non-Recurring Charges	500.00	1.00	500.00	Acct: 6212	Line 3
11 SCP Provider STP Port Charges (Monthly)	2,960.00	12.00	35,520.00	Acct: 6212	Line 4
12 SCP Provider STP Non-Recurring	3,560.00	1.00	3,560.00	Acct: 6212	Line 5
13 Total Annual Cost			332,075.81		L6+L7+L8+L9+L10+L11+L12
14 Total Annual Query Attempts			261,914,003		Sheet B-2, Sec. III, Demand Total
15 Cost per Query			0.001268		L13 / L14

\* Acct: 6212 - Expenses related to Acct 2212 - Digital Electronic Switching

CERTIFICATE OF SERVICE

I, Peggy A. Peckham, do hereby certify on this 15th day of March, 1994, that I have caused a copy of the foregoing Supplement to Direct Case of Cincinnati Bell Telephone Company to be mailed via first class United States mail, postage prepaid, to the persons on this service list.

  
Peggy A. Peckham

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